

I

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H. R. 2057

To amend the Defense Production Act of 1950 to revitalize the defense industrial base of the United States.

19

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 1983

Mr. LAFALCE (for himself, Mr. MCKINNEY, Mr. ST GERMAIN, Mr. LUNDINE, Mr. VENTO, Mr. D'AMOURS, Ms. OAKAR, Mr. MINISH, Mr. FAUNTOY, Mr. COYNE, Mr. SCHUMER, Mr. PATTERSON, Mr. GARCIA, Mr. FRANK, Mr. TORRES, AND Mr. ANNUNZIO) introduced the following bill; which was referred jointly to the Committees on Banking, Finance and Urban Affairs and Education and Labor

A BILL

To amend the Defense Production Act of 1950 to revitalize the defense industrial base of the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE

4 SECTION 1. This Act may be cited as the "Defense In-
5 dustrial Base Revitalization Act".

1 STRENGTHENING OF DOMESTIC CAPABILITY

2 SEC. 2. Title III of the Defense Production Act of 1950
3 (50 U.S.C. App. 2091 et seq.) is amended by inserting after
4 section 303 the following:

5 “SEC. 303A. (a) It is the purpose of this section to
6 strengthen the domestic capability and capacity of the Na-
7 tion's defense industrial base. The actions specified in this
8 section are intended to facilitate the carrying out of such pur-
9 pose.

10 “(b)(1) The President, utilizing the types of financial as-
11 sistance specified in sections 301, 302, and 303, and any
12 other authority contained in this Act, shall take immediate
13 action to assist in the modernization of industries in the
14 United States which are necessary to the manufacture or
15 supply of national defense materials which are required for
16 the national security or are likely to be required in a time of
17 emergency or war.

18 “(2) Such assistance shall be provided only to small- and
19 medium-sized businesses, as defined by the Secretary of
20 Commerce, unless the President transmits to the Congress a
21 formal notification that the interests of national defense re-
22 quire an exception to this limitation.

23 “(3) The financial assistance provided under this subsec-
24 tion shall, to the greatest extent possible, be made available
25 to small independently owned and operated businesses.

1 “(c) The Secretary of Defense, in consultation with the
2 Secretary of Commerce, shall—

3 “(1) determine immediately, and semiannually
4 thereafter, those industries which should be given pri-
5 ority in the awarding of financial assistance under sub-
6 section (b);

7 “(2) determine the type and extent of financial as-
8 sistance which should be made available to each such
9 industry; and

10 “(3) with respect to the industries specified pursu-
11 ant to paragraph (1), indicate those proposals, received
12 under subsection (e), which should be given preference
13 in the awarding of financial assistance under subsection
14 (b) based on a determination that such proposals offer
15 the greatest prospect for improving productivity and
16 quality, and for providing materials which will reduce
17 the Nation’s reliance on imports.

18 “(d)(1) The President shall extend assistance under sec-
19 tions 301, 302, and 303, and any other authority contained
20 in this Act, to persons engaged in the expansion of the do-
21 mestic capability and capacity to produce or process critical
22 and strategic metals, minerals, and materials including—

23 “(A) the conservation, substitution, and recycling
24 of such metals, minerals, and materials; and

1 “(B) the development of processes which lessen or
2 obviate the need for such critical and strategic metals,
3 minerals, and materials.

4 “(2) The President shall exercise the authority granted
5 under this subsection in consultation with the Secretary of
6 Defense, the Secretary of the Interior, the Secretary of Com-
7 merce, and the Director of the Federal Emergency Manage-
8 ment Agency.

9 “(e) The President, in extending assistance under sub-
10 sections (b) and (d), shall extend such assistance on the basis
11 of proposals submitted in response to a series of public solici-
12 tations, the first of which shall be issued by the President
13 within ninety calendar days following the date of the enact-
14 ment of this section.

15 “(f)(1) Any contract for financial assistance which is
16 awarded under subsection (b) or (d) and which utilizes finan-
17 cial assistance through purchase agreements specified in sec-
18 tion 303 shall provide that the President has the right to
19 refuse delivery of the items specified in such contract and to
20 pay the person involved an amount equal to the amount by
21 which the price for such items, as specified in the contract
22 involved, exceeds the market price, as determined by the
23 Secretary of Commerce, for such items on the delivery date
24 specified in such contract.

1 “(2) Financial assistance under subsection (b) or (d) shall
2 not be extended to assist establishments relocating from one
3 area to another or to assist persons whose purpose is to
4 divest, or whose economic success is dependent upon divest-
5 ing, other persons of contracts theretofore customarily per-
6 formed by them, except that such limitation shall not be con-
7 strued to prohibit such financial assistance for the expansion
8 of an existing business entity through the establishment of a
9 new branch, affiliate, or subsidiary of such business entity if
10 the President finds that the establishment of such branch,
11 affiliate, or subsidiary will not result in an increase in unem-
12 ployment in the area of original location or in any other area
13 where such entity conducts business operations, unless the
14 President has reason to believe that such branch, affiliate, or
15 subsidiary is being established with the intention of closing
16 down the operations of the existing business entity in the
17 area of its original location or in any other area where it
18 conducts such operations.

19 “(g)(1) There are authorized to be appropriated to carry
20 out the provisions of subsections (b), (c), and (d) not to exceed
21 \$1,000,000,000 for each fiscal year beginning with fiscal
22 year 1984 and continuing through fiscal year 1988. Such
23 sums shall remain available until expended.

24 “(2)(A) In the use of loan guarantees, price guarantees,
25 and direct loans as Federal financial incentives to accomplish

1 the objectives of this section, the President may utilize the
2 borrowing authority of the Treasury to the extent that the
3 estimated ultimate net cost of such incentives to the Govern-
4 ment does not exceed the total of appropriations made by the
5 Congress to carry out the provisions of subsections (b), (c),
6 and (d). Such estimates shall be based upon the past experi-
7 ence of the actual costs of Federal financial incentives under
8 this Act and related expenses.

9 “(B) The use of loan guarantees, price guarantees, and
10 direct loans under this section and the use of the borrowing
11 authority of the Treasury under this subsection shall be effec-
12 tive for any fiscal year only to such extent or in such amounts
13 as are provided in advance in appropriations Acts.

14 “(h)(1) The President shall take immediate action to de-
15 velop and implement a national program to train workers in
16 skills—

17 “(A) which the President determines are neces-
18 sary in the industries identified under subsection (b),
19 (c), or (d); and

20 “(B) which the President determines are in short
21 supply or are anticipated to be in short supply.

22 “(2)(A) Assistance under this program shall be in the
23 form of a grant to a State board of vocational education or
24 other agency or agencies designated by the Governor of the
25 State involved. Such grants may be extended only if a State

1 plan for a five-year program of skills training has been sub-
2 mitted to the President and approved by the President.

3 “(B) The President may, to the extent possible—

4 “(i) provide assistance in coordinating the State
5 plans developed under this subsection; and

6 “(ii) provide technical assistance and support serv-
7 ices in the implementation and conduct of programs of
8 skills training which are carried out under this sub-
9 section.

10 “(3) The President shall not approve any State plan
11 unless—

12 “(A) the State plan has been developed with the
13 management and workers of the industries involved
14 and with public and private educational institutions of
15 the State;

16 “(B) the State plan includes workplace training
17 and registered apprenticeship training programs;

18 “(C) the State plan is designed to ensure mean-
19 ingful opportunities for participation by minorities and
20 women;

21 “(D) the Governor of the State has certified in
22 writing that the State plan will be carried out and that
23 it meets the requirements of this subsection;

24 “(E) the State plan includes—

25 “(i) training;

1 “(ii) upgrading skills; and

2 “(iii) retraining of workers, in depressed in-
3 dustries, in surplus labor areas, or with occupa-
4 tional skills which might become obsolete because
5 of industrial modernization or technological ad-
6 vancement, in skills which the President deter-
7 mines under paragraph (1) are necessary in the
8 industries identified under subsection (b), (c), or (d)
9 as necessary to the manufacture or supply of na-
10 tional defense materials which are required for the
11 national security or are likely to be required in a
12 time of emergency or war;

13 “(F) any bona fide public or private training pro-
14 gram engaged in training workers in skills described in
15 paragraph (1) is considered eligible to deliver such
16 training services upon written application to the State
17 board of vocational education or other agency or agen-
18 cies designated by the Governor of the State involved
19 under paragraph (2)(A);

20 “(G) the State employment and training council
21 under Public Law 95-524 (or a comparable entity
22 under a successor statute) has been given the oppor-
23 tunity—

24 “(i) to participate in the development of the
25 plan;

1 “(ii) to review the plan for thirty days prior
2 to its submission to the President; and

3 “(iii) to submit written comments along with
4 the submission of the plan to the President;

5 “(H) the activities funded under this subsection
6 will not duplicate facilities or services available in the
7 area (with or without reimbursement) from Federal,
8 State, or local sources, unless the plan provides evi-
9 dence that alternative services or facilities would be
10 more effective or more likely to achieve the objectives
11 in paragraph (1) of this subsection;

12 “(I) the plan contains assurances that the activi-
13 ties funded under this subsection will be coordinated to
14 the maximum extent feasible with other employment-
15 related programs in the State, through joint agree-
16 ments, where practicable, with programs funded under
17 the Comprehensive Employment and Training Act (or
18 a successor statute) to assure maximum participation of
19 eligible participants under that Act (or statute) in train-
20 ing programs funded under this subsection, and through
21 consultation and coordination with certified apprentice-
22 ship plans, where such plans are in effect, to ensure
23 that the plan does not duplicate or undermine existing
24 certified apprenticeship programs; and

1 “(J) a certification is included which assures the
2 following labor training standards and requirements
3 will be met:

4 “(i) Conditions of training shall be appropri-
5 ate and reasonable in the light of such factors as
6 the type of work, geographical region, and profi-
7 ciency of the participant.

8 “(ii) Health and safety standards established
9 under State or Federal law, otherwise applicable
10 to working conditions of employees, shall be
11 equally applicable to working conditions of partici-
12 pants.

13 “(iii) To the extent that a State workers’
14 compensation law is applicable, workers’ compen-
15 sation benefits in accordance with such law shall
16 be available with respect to injuries suffered by
17 participants. To the extent that such law is not
18 applicable, each recipient or subrecipient of funds
19 under this subsection shall secure insurance cover-
20 age for injuries suffered by such participants, in
21 accordance with regulations prescribed by the
22 Secretary of Labor.

23 “(iv) No currently employed worker shall be
24 displaced by any participant (including partial dis-
25 placement such as a reduction in the hours of

1 nonovertime work, wages, or employment bene-
2 fits).

3 “(v) No program shall impair existing con-
4 tracts of employment.

5 “(vi) No person shall be trained for a job (I)
6 when any other employee in the same workplace
7 or plant is on layoff from the same or any sub-
8 stantially equivalent job, or (II) when the employ-
9 er has terminated the employment of any regular
10 employee or otherwise reduced its work force
11 with the intention of filling the vacancy so created
12 by hiring a participant whose training is assisted
13 under this subsection.

14 “(vii) Recipients of funds available under this
15 subsection have given assurances that such funds
16 shall not be used to assist, promote, or deter
17 union organizing.

18 “(viii) No funds available under this subsec-
19 tion may be used to assist, promote, or deter
20 union organizing.

21 “(4) Any grant to a State board of vocational education,
22 or other agency or agencies designated by the Governor of
23 the State involved under paragraph (2)(A) under this subsec-
24 tion shall be extended in any year only after the State in-

1 volved has provided a contribution, from public or private
2 resources, to carry out the State plan in an amount—

3 “(A) in the first year of the State plan, equal to
4 10 per centum of the cost of the State plan for such
5 year;

6 “(B) in the second year of the State plan, equal to
7 20 per centum of the cost of the State plan for such
8 year;

9 “(C) in the third year of the State plan, equal to
10 30 per centum of the cost of the State plan for such
11 year;

12 “(D) in the fourth year of the State plan, equal to
13 40 per centum of the cost of the State plan for such
14 year; and

15 “(E) in the fifth year of the State plan, equal to
16 50 per centum of the cost of the State plan for such
17 year.

18 “(5) Each training program under the State plan shall
19 include contributions and other types of active participation
20 during the course of training from industry or labor organiza-
21 tions or both, except that the President, upon written request
22 from a State, may exempt training programs in economically
23 depressed communities from the contribution required under
24 paragraph (4).

1 “(6) A State’s contribution may include ‘in kind’ contri-
2 butions of equipment, facilities, personnel, or services to the
3 extent that such ‘in kind’ contribution is utilized in carrying
4 out the State’s plan. No such ‘in kind’ contribution may in-
5 clude equipment acquired under subsection (i).

6 “(7) The President shall act upon each State plan not
7 later than ninety days after the date on which such State
8 plan is received. Such action shall be based upon the recom-
9 mendations of the Secretary of Defense, the Secretary of
10 Labor, and the Secretary of Education.

11 “(8) No person shall be excluded from participation in,
12 denied the benefits of, subjected to discrimination under, or
13 denied training in the administration of or in connection with
14 any such program because of race, color, religion, sex, na-
15 tional origin, age, handicap, or political affiliation or belief.

16 “(9) Not more than 5 per centum of the amount of any
17 grant made under this subsection may be used by a State
18 board of vocational education, or other agency or agencies
19 designated by the Governor of the State involved under para-
20 graph (2)(A), for administrative expenses incurred in carrying
21 out a State plan.

22 “(10) Assistance under this subsection may be used to
23 purchase and install equipment for training purposes. The
24 purchase of any such equipment shall be done by means of
25 competitive bidding.

1 “(11) For purposes of installing Government-owned
2 equipment pursuant to section 303(e), the term ‘industrial
3 facilities’, as used in such section, shall include vocational
4 schools, other schools offering technical and vocational train-
5 ing programs, and any other location in which workers are
6 trained pursuant to this subsection.

7 “(12) There are authorized to be appropriated to carry
8 out the provisions of this subsection not to exceed
9 \$250,000,000 for each fiscal year beginning with fiscal year
10 1984 and continuing through fiscal year 1988. Such sums
11 shall remain available until expended.

12 “(i)(1)(A) The President shall take immediate action to
13 develop and implement a grant program to assist colleges,
14 universities, and other institutions of higher education in ob-
15 taining and installing modern equipment which shall be used
16 to train professional, scientific, and technical personnel who
17 are needed in the industries identified under subsection (b),
18 (c), or (d).

19 “(B) All students and faculty studying, teaching, or con-
20 ducting research at such an institution of higher education
21 shall have access to such equipment for use in accordance
22 with regulations and practices of such institution of higher
23 education.

24 “(2) Any college, university, or other institution of
25 higher education which desires to receive a grant under this

1 subsection may submit an application to such Federal depart-
2 ment or agency as the President shall designate. Each such
3 application shall—

4 “(A) certify the cost of purchasing and installing
5 the equipment involved; and

6 “(B) contain such other information as the Presi-
7 dent deems necessary.

8 “(3)(A) Each college, university, or other institution of
9 higher education whose application is approved under this
10 subsection may be required to provide a matching share of up
11 to 50 per centum of the cost of purchasing and installing the
12 equipment involved.

13 “(B) The purchase of any such equipment shall be done
14 by means of competitive bidding.

15 “(4) At the discretion of the President, equipment may
16 be provided under section 303(e) to colleges, universities, and
17 other institutions of higher education. For the purpose of
18 such section, the term ‘industrial facilities’ shall include col-
19 leges, universities, and other institutions of higher education.

20 “(5) There are authorized to be appropriated to carry
21 out the provisions of this subsection not to exceed
22 \$100,000,000 for each fiscal year beginning with fiscal year
23 1984 and continuing through fiscal year 1988. Such sums
24 shall remain available until expended.

1 “(j) Any equipment or plant financed through Federal
2 assistance authorized by this section shall be of United States
3 origin to the maximum extent practicable. Exceptions to this
4 limitation may be made whenever the Secretary of Com-
5 merce determines in writing—

6 “(1) that the foreign sourcing of such equipment
7 or plant will not adversely affect the capability or ca-
8 pacity of the United States defense industrial base to
9 provide national defense materials in a time of emer-
10 gency or war; or

11 “(2) that such equipment or plant of United States
12 origin is not available and is not practicable to obtain.

13 “(k) The Comptroller General of the United States shall
14 monitor the implementation of this section, conduct such
15 audits as he determines to be necessary, and submit an
16 annual report of his findings to the Congress at the beginning
17 of each session of the Congress. The first such annual report
18 shall be submitted in the year following the enactment of the
19 Defense Industrial Base Revitalization Act.

20 “(l) In order to carry out the provisions of this section,
21 the Office of Technology Assessment shall, subject to approv-
22 al of the Technology Assessment Board and in a manner pre-
23 scribed by 2 U.S.C. 472(d), undertakes a study of the public
24 facilities or infrastructure essential to the defense industrial
25 base and provide Congress with appropriate recommenda-

1 tions for infrastructure measures designed to avoid serious
2 impediments to the production and distribution of materiel.

3 “(m)(1) All laborers and mechanics employed for the
4 construction, repair, or alteration of any project funded, in
5 whole or in part, by a guarantee, loan, or grant entered into
6 pursuant to this section shall be paid wages at rates not less
7 than those prevailing on projects of similar character in the
8 locality as determined by the Secretary of Labor in accord-
9 ance with the Act entitled ‘An Act relating to the rate of
10 wages for laborers and mechanics employed on public build-
11 ings of the United States and the District of Columbia by
12 contractors and subcontractors, and for other purposes’, ap-
13 proved March 3, 1931 (40 U.S.C. 276a et seq.), and com-
14 monly known as the Davis-Bacon Act.

15 “(2) Guaranteeing agencies shall not extend guarantees
16 and the President shall not make loans or grants for the con-
17 struction, repair, or alteration of any project, unless a certifi-
18 cation is provided to the agency or the President, as the case
19 may be, prior to the commencement of construction or at the
20 time of filing an application for loan, guarantee, or grant, if
21 construction has already commenced, that these labor stand-
22 ards will be maintained at the project.

23 “(3) With respect to the labor standards specified in this
24 subsection, the Secretary of Labor shall have the authority

1 and functions set forth in Reorganization Plan Numbered 14
2 of 1950 and section 276(c) of title 40, United States Code.

3 “(n) On October 1, 1983, and on the first business day
4 of every second month beginning after such date, the Presi-
5 dent shall transmit a report to both Houses of the Congress
6 listing all loans, loan guarantees, and commitments for loan
7 guarantees which were issued under this section during the
8 two calendar months preceding the transmittal date of the
9 report involved.

10 “(o) Notwithstanding any other provision of this section,
11 no funds are authorized to be appropriated to carry out this
12 section, unless all of such funds are attributed to a budget
13 function or budget allocation other than one affecting or re-
14 lating to education or labor, the Department of Education or
15 the Department of Labor, the Committee on Education and
16 Labor of the House of Representatives or the Committee on
17 Labor and Human Resources of the Senate, or any subcom-
18 mittee of the Committee on Appropriations of either House
19 primarily responsible for appropriations for education or
20 labor.

21 “(p) For purposes of this section—

22 “(1) the term ‘apprenticeship plan’ means a plan
23 approved by the Secretary of Labor pursuant to the
24 National Apprenticeship Act (29 U.S.C. 50 et seq.);

1 “(2) the term ‘State’ means any of the several
2 States, the District of Columbia, the Commonwealth of
3 Puerto Rico, Guam, the Virgin Islands, the Northern
4 Mariana Islands, American Samoa, the Trust Territory
5 of the Pacific Islands, or any other territory or posses-
6 sion of the United States; and

7 “(3) the term ‘United States’ means the several
8 States, the District of Columbia, the Commonwealth of
9 Puerto Rico, Guam, the Virgin Islands, the Northern
10 Mariana Islands, American Samoa, the Trust Territory
11 of the Pacific Islands, and any other territory or pos-
12 session of the United States.”.

13 AMENDMENTS TO DEFENSE PRODUCTION ACT OF 1950

14 SEC. 3. (a) Section 2 of the Defense Production Act of
15 1950 (50 U.S.C. App. 2062) is amended to read as follows:

16 “DECLARATION OF POLICY

17 “SEC. 2. (a)(1) In view of continuing international prob-
18 lems, the Nation’s demonstrated reliance on imports of mate-
19 rials and components, and the need for measures to reduce
20 defense production lead times and bottlenecks, and in order
21 to provide for the national defense and national security, our
22 defense mobilization preparedness effort continues to require
23 the development of preparedness programs, defense industrial
24 base improvement measures, and the expansion of domestic
25 productive capacity and supply beyond the levels needed to

1 meet the civilian demand. Also required is some diversion of
2 certain materials and facilities from civilian use to military
3 and related purposes.

4 “(2) These activities are needed in order to improve de-
5 fense industrial base efficiency and responsiveness, to reduce
6 the time required for industrial mobilization in the event of an
7 attack on the United States or to respond to actions occur-
8 ring outside the United States which could result in the ter-
9 mination or reduction of the availability of strategic and criti-
10 cal materials, including energy, and which could adversely
11 affect the national defense preparedness of the United States.
12 In order to ensure the national defense preparedness which is
13 essential to national security, it is also necessary and appro-
14 priate to assure the availability of domestic energy supplies
15 for national defense needs.

16 “(b)(1) In order to ensure productive capacity in the
17 event of an attack on the United States, it is the policy of the
18 Congress to encourage the geographical dispersal of the in-
19 dustrial facilities of the United States in the interest of the
20 national defense, and to discourage the concentration of such
21 productive facilities within limited geographical areas which
22 are vulnerable to attack by an enemy of the United States.

23 “(2) In the construction of any Government-owned in-
24 dustrial facility, in the rendition of any Government financial
25 assistance for the construction, expansion, or improvement of

1 any industrial facility, and in the production of goods and
2 services, under this or any other Act, each department and
3 agency of the executive branch shall apply, under the coordi-
4 nation of the Federal Emergency Management Agency, when
5 practicable and consistent with existing law and the desirabil-
6 ity for maintaining a sound economy, the principle of the geo-
7 graphical dispersal of such facilities in the interest of national
8 defense. However, nothing in this paragraph shall preclude
9 the use of existing industrial facilities.

10 “(3) To ensure the adequacy of productive capacity and
11 supply, executive agencies and departments responsible for
12 defense acquisition shall continuously assess the capability of
13 the defense industrial base to satisfy near-term requirements
14 as well as increased mobilization production requirements.
15 Such assessments shall specifically evaluate the availability
16 of adequate production sources, including subcontractors and
17 suppliers, materials, and skilled labor, and professional, scien-
18 tific, and technical personnel.

19 “(4) It is the policy of the Congress that plans and pro-
20 grams to carry out this declaration of policy shall be under-
21 taken with due consideration for promoting efficiency and
22 competition.”.

23 (b) Section 301 of the Defense Production Act of 1950
24 (50 U.S.C. App. 2091) is amended—

1 (1) in subsection (e)(1)(A), by striking out
2 "\$38,000,000" and inserting in lieu thereof
3 "\$50,000,000"; and

4 (2) in subsection (e)(1)(B)—

5 (A) by striking out "60 days" and inserting
6 in lieu thereof "30 days";

7 (B) by striking out "60-day period" each
8 place it appears therein and inserting in lieu
9 thereof "30-day period";

10 (C) by inserting "(i)" after "such proposed
11 obligation and"; and

12 (D) by striking out the period at the end of
13 the first sentence thereof and inserting in lieu
14 thereof the following: "or (ii) both Houses of Con-
15 gress adopt a concurrent resolution approving
16 such obligation. If the Congress adopts such a
17 concurrent resolution, the guarantee involved may
18 be made at any time after the date on which such
19 concurrent resolution is adopted.".

20 (c) Section 302 of the Defense Production Act of 1950
21 (50 U.S.C. App. 2092) is amended—

22 (1) by striking out "60 days" and inserting in lieu
23 thereof "30 days";

1 (2) by striking out "60-day period" each place it
2 appears therein and inserting in lieu thereof "30-day
3 period"; and

4 (3) in the second sentence thereof—

5 (A) by inserting "(A)" after "such proposed
6 loan and"; and

7 (B) by striking out the period at the end
8 thereof and inserting in lieu thereof the following:
9 "or (B) both Houses of Congress adopt a concur-
10 rent resolution approving such loan. If the Con-
11 gress adopts such a concurrent resolution, the
12 loan involved may be made at any time after the
13 date on which such concurrent resolution is adopt-
14 ed."

15 (d) The first sentence of section 717(a) of the Defense
16 Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended
17 by striking out "March 31, 1983" and inserting in lieu there-
18 of "September 30, 1988".

19 (e) Section 720 of the Defense Production Act of 1950
20 (50 U.S.C. App. 2169) is hereby repealed.

21 (f) Section 701 of the Defense Production Act of 1950
22 (50 U.S.C. App. 2151) is amended by adding at the end
23 thereof the following:

24 "(e)(1)(A)(i) Any person signing a contract which in-
25 volves the sale of any defense article or defense service for

1 use by a nation other than the United States and which in-
2 cludes an offset agreement in excess of \$5,000,000 shall file
3 an annual report with the Secretary of the Treasury. Each
4 such report shall include the total of all offsets, classified by
5 the category of the defense material or defense services in-
6 volved, entered into by such person during the three calendar
7 years preceding the year in which such report is filed. The
8 first such annual report shall be filed with the Secretary of
9 the Treasury not later than June 1, 1983. Subsequent annual
10 reports shall be filed not later than June 1 of each year.

11 “(ii) Except as provided in subparagraph (B) and not-
12 withstanding any other provision of law, including section
13 552 of title 5, United States Code (commonly known as the
14 Freedom of Information Act), the Secretary of the Treasury
15 shall not disclose, except to the Congress, any information
16 required to be reported pursuant to this subparagraph.

17 “(B) Not later than the first October 1 occurring more
18 than ninety days after the date of the enactment of this sub-
19 section and not later than each October 1 occurring after
20 such October 1, the Secretary of the Treasury shall submit to
21 the Committee on Banking, Housing, and Urban Affairs of
22 the Senate and to the Committee on Banking, Finance and
23 Urban Affairs of the House of Representatives a report on
24 the total number of contracts reported pursuant to subpara-
25 graph (A) and the total amount of offsets required by such

1 contracts. Such report shall contain a breakdown of offsets by
2 category of defense material or defense services involved and
3 by recipient country.

4 “(2) For purposes of this subsection—

5 “(A) the term ‘offset’ means any international
6 transaction between a buyer and seller that provides
7 nonmonetary compensation which may include, but not
8 be limited to, the transfer of production or technology
9 to the buyer as a consideration for the purchase of a
10 particular item or service; and

11 “(B) the term ‘person’ means any individual, sole
12 proprietorship, partnership, or corporation.

13 “(3) This subsection shall cease to be effective five years
14 after the date of the enactment of this subsection.”.

○